

**Tswaing Local Municipality
Annual Performance Report
2007/8**



Prepared by:
Tswaing Municipality

Tswaing Local Municipality

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Chapter 1

Introduction

And Overview

CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1. FOREWORD BY THE MAYOR

The following is a report on activities and the municipality's performance in service delivery and budget implementation as per requirement of legislation (Section 127 of the Municipal Finance Management Act No. 56 of 2003).

SERVICE DELIVERY

A full report on performance highlights is contained in chapter two of this report. However, in the council's revised and adopted Integrated Development Plan (IDP) for the period 2207-2011, the following were prioritised to address our manifold needs for the period under review:

1. Provision of decent sanitation: Bucket eradication worth R4,4 million in three extension was completed. Upgrade of sewer treatment plant and sewer connection projects worth R39,5 million were undertaken
2. Roads: a total of four projects that included construction, rehabilitation and resealing as well as regravelling were implemented. This includes access roads in our villages.
3. Provision of electricity: electrification of five villages including in-fills and erection of high mast lights formed the basis of this priority. Eskom is continuously engaged to address backlogs.
4. Water provision: maintaining our boreholes, extension of water pipes, replacing diesel engines with electricity ones and facilitating provision of bulk water supply for the district in one village constituted some of our remedial actions in this regard.

LOCAL ECONOMIC DEVELOPMENT

This remained one of our focal points considering unemployment and poverty levels in our municipality. Investors has been lobbied and we have seen a remarkable growth of our main town and we are also proud to have secured a milling investment worth R100 million, which has been completed to assist in job creation.

Efforts were made to support emerging contractors through establishment of data base, our SMME's were organised through establishment of a business chamber, workshops and engagement of financiers.

Women and youth projects were supported financially in collaboration with sector departments.

We however believe that we still need to do more to develop our local economy in the strive for alleviation of poverty.

CHALLENGES

There are some daunting challenges that we are tirelessly working on and these include:

- increasing revenue collection
- retention of skilled personnel
- completion of some old infrastructure projects
- addressing housing backlog
- negative Auditor General's report

May I also use this opportunity to deeply thank my fellow councillors, the members of mayoral committee, the Speaker of council, the administration under the leadership of the municipal manager, our sector departments locally, the District Municipality for continued support in ensuring better life for our communities. My gratitude also goes to our communities for their participation and support and understanding they have expressed during mayoral imbizos.

Cllr Manketsi Tlhape
MAYOR

1.1. Overview of the Municipality

It will always be a challenge to reflect on all activities taken place in TLM due to the many role-players involved in development of new infrastructure as well as the unique dynamic demographic profile of the municipality.

Currently the municipality is playing a strong facilitating role in many of the activities and development that is taken place within the area of jurisdiction, therefore creating the expectation that TLM have to report on all developmental and service delivery issues that is taking place within our boundaries.

Due to the vastness of the area the municipality is still delivering and maintaining specific trading services as a source of revenue in proclaimed areas while the District & State Owned Enterprises are delivering relevant services in areas where the capacity exists.

The reference to baseline information includes both information from Stats SA and the latest information gathered through different processes at local level, for e.g. the Spatial Development Framework as well as information gathered by the Community Development Workers through the Community Based Planning Process.

- The Tswaing Local Municipality is one of the five Local Municipalities that constitute the Ngaka Modiri Molema District Municipality in the North West Province.
- It is situated in the North Western corner of the maize Triangle and forms part of Ngaka Modiri Molema District Municipality in the North West.

The area includes the following towns and villages namely: Delareyville\Atamelang, Ottosdal\Letsopa, Sannieshof\ Agisanang and 27 Villages, TLM has 13 Wards and 26 Councillors.

- The main industry in the Municipality is agriculture. Delareyville, Sannieshof and Ottosdal each possesses the centre of thriving for progressive farming community. Most of the businesses in the town are also supportive of the agriculture industry. Farming in the area consists mainly of maize, sorghum and groundnut production, cattle and sheep breeding. Minerals found in the area are diamonds and salt deposits in Delareyville and Sannieshof, and Pyrophyllite in Ottosdal (Wonder Stone)
- The settlement pattern is fragmentary, with small, low-intensity urban areas scattered throughout, and surrounded by vast rural areas. **SUMARY ON DEMOGRAPHICS(FIGURES) AND MAPS(EXTERNAL N INTERNAL CHANGES)**
- One of the big problems in the Municipal area is unemployment and poverty .it is estimated that approximately 63.5% of the population is unemployment (Stats SA Census of 2001). The three towns of Delareyville, Sannieshof and Ottosdal each have fairly well developed infrastructure and most conveniences like grocery stores, medical facilities, chemist's hospitality fraternities and motor vehicle industry business (fuel station, mechanical workshops) are available.
- "The TLM is an extremely diverse area, consisting of many differing natural, social and economic elements. This area has a lot of potential concerning future development, especially seen from a tourism perspective, the key aspects being conservation and proper management of all available resources and areas with a high cultural or natural heritage.
- The rural villages have very poor non – existent infrastructure and needs urgent upgrading. Prior development however, the will have to be properly proclaimed and planned. The municipality currently provides to inhabitants via community standpipes and taps.
- The Municipality mines underground water sources for its supply, and number of bore holes is maintained to supply various towns and villages of clear untreated but portable water.
- The area is not a dedicated tourist destination, although N14 main route between Gauteng and Upington and southern Namibia runs through Delareyville and Sannieshof. Close to Delareyville is the Barberspan Nature

Conservation area, a popular weekend resort for people from the North West Province and next to the town lies the municipality's Henk Joubert Game Reserve.

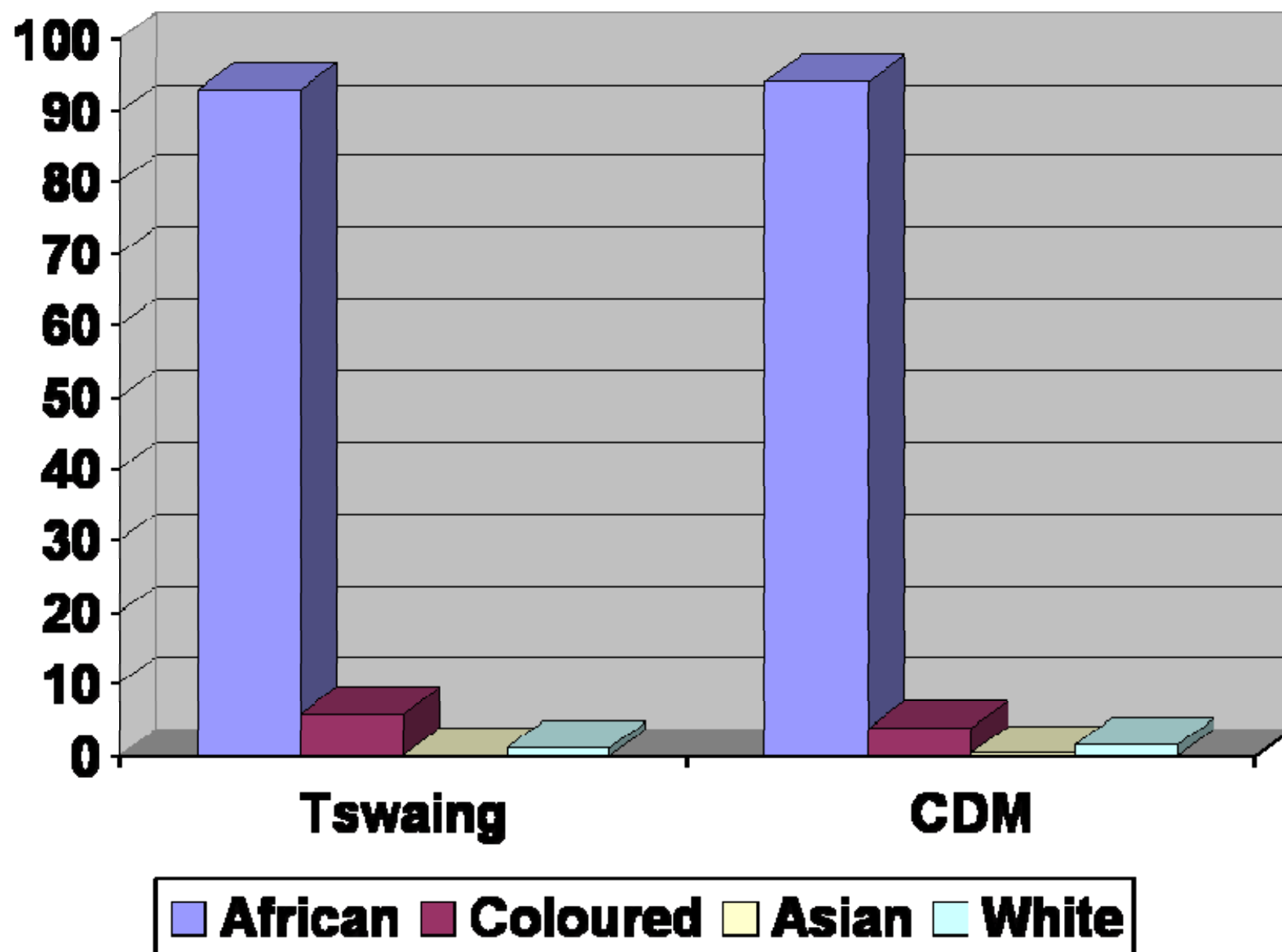
The socio-economic profile in terms of its reality serves as an important point of the SDF for the study area. In this regards the spatial development framework according to Statistics SA, The population of Tswaing Local Municipality increased from 89970 in 1996 to 114157 in 2001. **According to stats SA 2001** TLM has 93% Africans, 5.8% Whites, 0.1% Indian and 1.1 % Coloured .TLM includes **formal houses, informal houses and poor households according to Stats SA 2001.(TABLE FORMAT)**

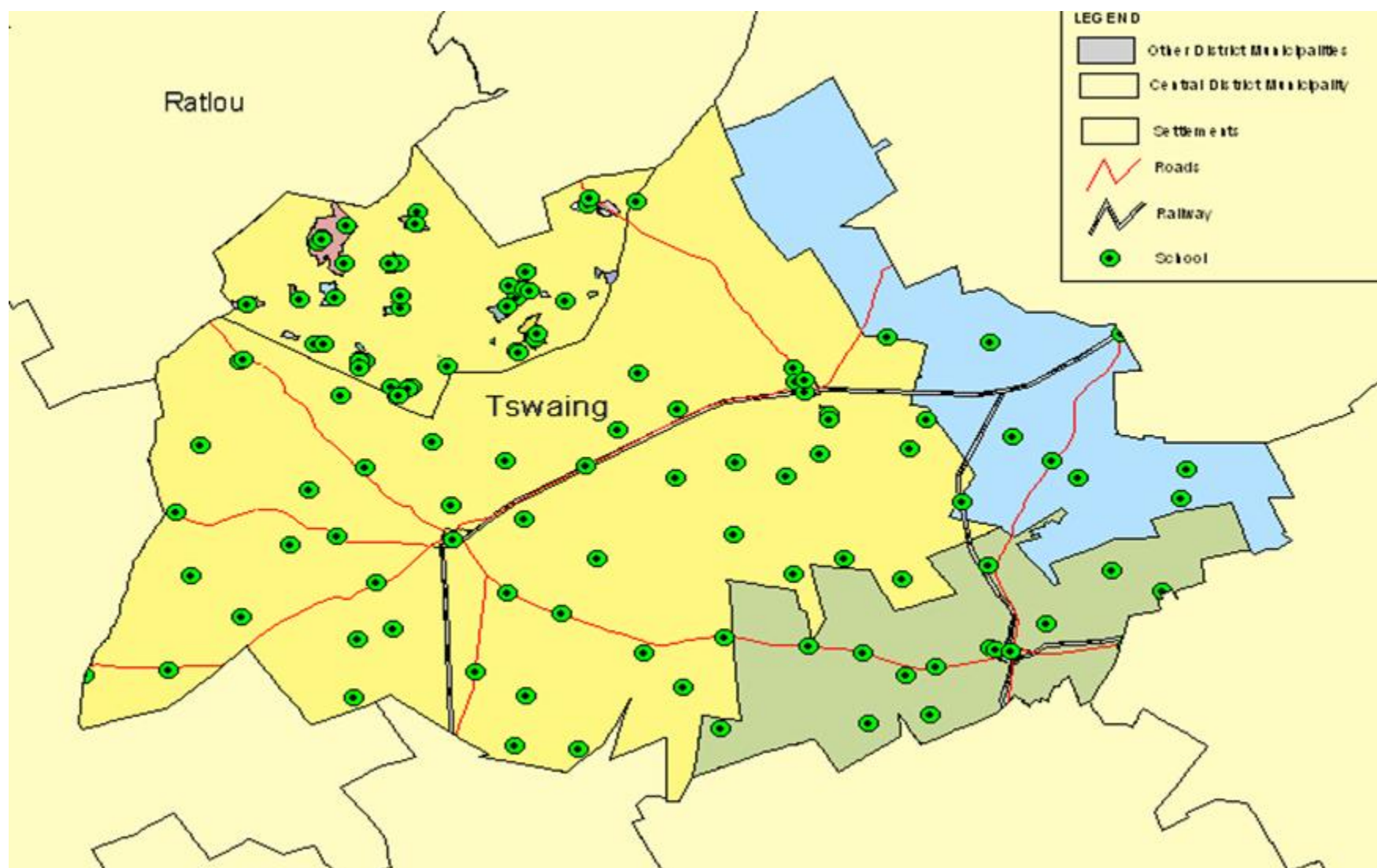
POPULATION DATA

Estimated Population Distribution of TLM and CDM (2006)

Population Group	Tswaing (%)	CDM (%)
African	93	94.2
White	5.8	3.9
Indian	0.1	0.4
Coloured	1.1	1.5
Total	100	100

Source: StatsSA-MidYear Population Estimates





1.3 EXECUTIVE SUMMARY

1.3.1 VISION STATEMENT

“To be a leading Local Municipality in the North-West Province in achieving sustainable development through the effective promotion of infrastructure provision and local economic development. It will strive to create sustainable living environment through the prudent application of available resource”.

1.3.2 Mission Statement

“To effectively develop municipal area of jurisdiction and provide sustainable high quality services to local communities by focusing all resources at meeting community needs “

OVERALL GOALS, VALUES AND PRIORITIES

The goal is to improve the quality of life of all the people of Tswaing Local Municipality through Ubuntu. Professionally providing Municipal Planning, TLM will also commit itself through the principles of Batho-Pele in providing Water, Sanitation, Electricity. Municipal internal roads, storm water management and to provide public safety. TLM will be accountable and transparent in the promotion of stakeholder participation and the promotion of LED.

IMPACT OF THE MUNICIPALITY’S GOALS AND PRIORITIES ON THE COMMUNITY

The overall impact of the Municipality’s goals and priorities is better life for communities. The following, need to form the priorities composition of the TLM’s endeavours:

Water and Sanitation

Electricity

Housing

Primary Health Care

Education

Roads and

Economic Development

MUNICIPALITY'S FINANCIAL HEALTH

The municipality's financial health situation was not in good standing. This was as result of under-collection of revenue. The Credit Control and Debts Collection Management Policy was not effectively implemented. This resulted in the municipality applying for overdraft facility of R1, 5000,000.00 with the bank.

IMPORTANT ADMINISTRATIVE CONSIDERATIONS

- Streamline accounting systems to realise accurate recording and reporting.
- Fill-in key vacant strategic position
- Improve the municipality's retention policy to ensure that personnel do not leave the Municipality.
- Develop good plan to get optimum results within limited resources.

CHAPTER 2

PERFORMANCE HIGHLIGHTS

2.1. PERFORMANCE HIGHLIGHTS

Provided at Chapter 5

2.2. BACKLOGS IN SERVICE DELIVERY

ITEM	FINANCIAL YEAR 2005/2006			FINANCIAL YEAR 2006/2007			FINANCIAL YEAR 2007/2008		
							REQUIRED	BUDGETED	ACTUAL
Sanitation backlogs									
Number of households that required minimum standard of service							16900	16900	16900
% of households that require service over total households							67.6 %	100 %	100 %
Spending on new infrastructure to							R 10 353 937-00	R 10 353 937-00	R 10 353 937-00

Number of households provided with water during the financial year							25142	25142	25142
% of households that require service over total households							100 %	100 %	100 %
Spending on new infrastructure to eliminate backlog							R 780 903	R 780 903	R 780 903
Total spending eliminate backlog							R 780 903	R 780 903	R 780 903
Spending of maintenance							R 2 151 581-00	R 2 151 581-00	R 2 151 581-00
Refuse removal									
Number of households serviced during the financial year							8700	8700	8700
% of households that require service over total households							100 %	100 %	100 %

2.5. BUILDING AND ZONING

ANNUAL REPORT ON BUILDING & ZONING PLANS. 2007-2008

Applications outstanding 30 June 2007	Category	Number of new applications received 2007/08	Total value of applications received Rand	Applications Outstanding
	Residential new	51	R13 228.35	-
	Residential additions	16	R 3 670.80	-
	Commercial	8	R2 101.60	-
	Industrial	1	N\A	
	Other	3	R786.60	

	(specify) Flats			
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Chapter 3

Human Resource and other Organizational Management

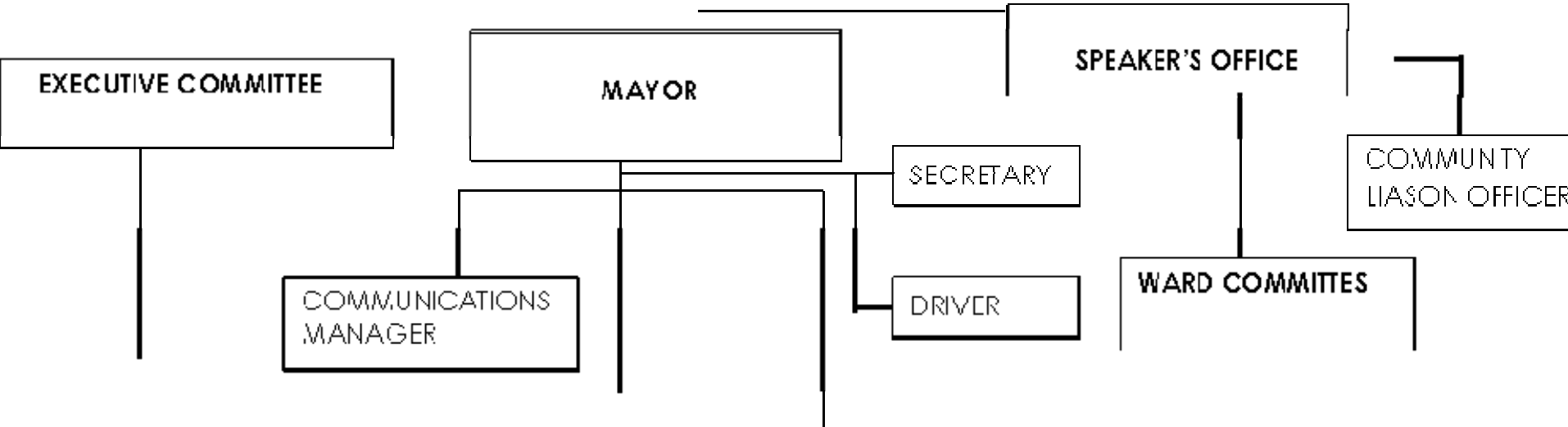
3.1 Municipal Structure

The TLM organizational structure comprises of five directorates as set out in the following table and depicted by the structure below` :

Directorates	FUNCTIONS
Municipal Manager' Office	<ul style="list-style-type: none"> • Legal • IDP • LED • IT

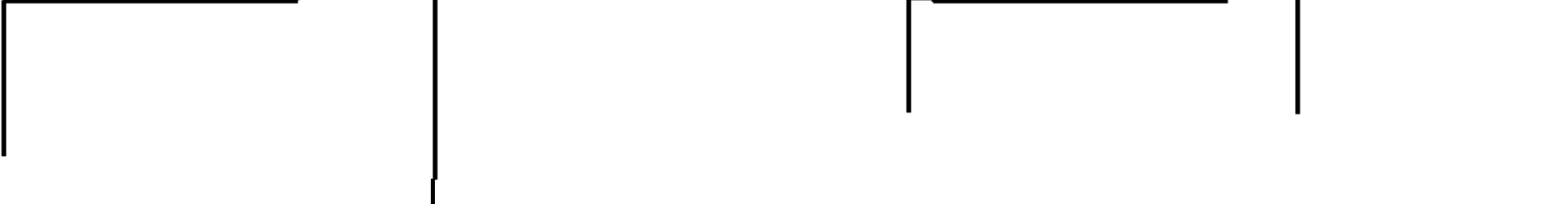
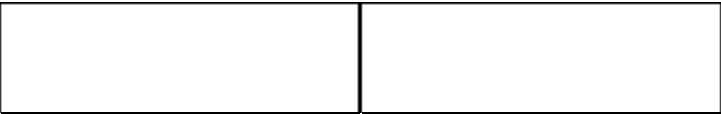
Corporate Services Office	<ul style="list-style-type: none"> • HR • CORP & ADMIN
Technical Services Office	<ul style="list-style-type: none"> • Parks, Streets, Recreation & Cemeteries • Municipal Works & Electro Mechanical • Water, Storm water, Sanitation & Solid Waste
Financial Services Office	<ul style="list-style-type: none"> • Income • Expenditure
Community Services Office	<ul style="list-style-type: none"> • Public Safety • Land Use & Housing • Fire & Disaster • Libraries

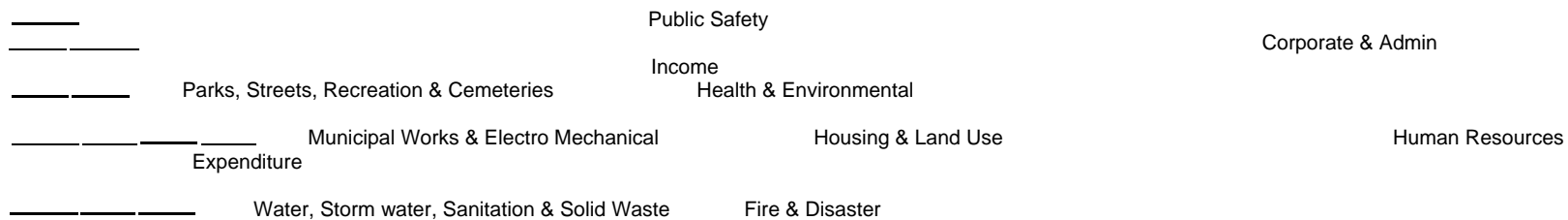
COUNCIL





PORTFOLIO COMMITTEES





- The structure was revised by Council and adopted during the financial year 2006/07.
- Council understood that the structure is dynamic in nature and that will as such necessitate change annually. Such change may affect the cost of the structure to the Municipality.

3.2. STAFF INFORMATION

3.2.1. Staff per function

Department	Vacancies	FILLED	TOTAL
Office of the Mayor	2	2	4
Office of the Speaker	0	1	1
Finance	1	31	32
Corporate Services	4	25	29
Community Services	13	98	111
Technical Services	44	99	143
Municipal Manager Support Service	7	9	16

3.2.2. Medical Aid Scheme

NAME OF MEDICAL SCHEME	NUMBER OF MEMBERS	TOTAL CONTRIBUTIONS
Bonitas		
Hosmed	7	R9034,00
Spectramed		
Samwumed	136	R 52 470,60
Key Health	26	

3.2.3. Pension

NAME OF PENSION FUND	NUMBER OF MEMBERS	TOTAL CONTRIBUTIONS
MGF	92	R192 472.51
NFMW	160	R 307 818.22
SAMWU NPF	0	R0.00
SALA	56	R 98233.96

3.2.5. Employment Equity

- 26 employees were enrolled in level 1 and level 2 ABET training and only 11 completed the program
- The municipality has two employees with disabilities
- The municipality has one NQF level 6 employee
- The municipality has one NQF level 4 employee
- Section 57 Managers range between NQF level 5,6 and 7
- Municipal employees with NQF level 4 are almost 189
- Municipal employees with NQF 5 level are almost 30
- Employment Equity Report was submitted by the 30 September 2006/7
- Workplace Skills Plan submitted by the 30 June 2006/7
- Annual Training Report was submitted by the 30 June 2006/07

Group	Baseline	Status Quo
Previously disadvantage Group	50%	65%
Females	40%	28%
Previously advantage males	7%	5%
People with Disability	3%	2%

3.2.6 Labour Relations

Two labour unions are currently organizing employees within the Municipality, namely, SAMWU and IMATU. Their membership reflects:-

- SAMWU 207 MEMBERS
- IMATU 64 MEMBERS
- NON-ALIGNED 35
- TOTAL 306 MEMBERS**

3.2.7 Local Labour Forum

The LLF has been established and is fully functional, it was suppose to meet at least once every month or twelve times during the reporting year, however, some of the monthly meetings could not take place due to lack of availability of members on scheduled meetings due to work related matters, especially from management, resulting only in eight meetings out of twelve held. The responsibility of LLF is to enhance and promote sound labour relations within the municipality as it offers a platform for formal interaction with employees' representatives on general organizational matters including labour issues.

3.2.8 Disciplinary Code and Legal Services

Four cases of Discipline were handled during the reporting year. Three cases went in Council favour where employees are paying fines. One case went in favour of the employee through appeal process at the bargaining council. Council had

procured the services of Mr. T. Shema as the prosecutor and Mr. J. Manzi as a presiding Officer in all these disciplinary matters. The legal services were outsourced to the following professional firms during the reporting year:

- a) **Eric Louw Attorneys** - For labour related issues, contract and legal risk work,
- b) **Noko Incorporated** – Labour related issues
- c) **Herman du Plessis Attorneys** – For land use management and administration.

3.2.9 Performance Management System.

The municipality had acquired the services of a private services provider to develop appropriate frameworks and mechanism to measure performance. PMS provides municipality with the necessary tools to plan, measure, monitor and report on overall organizational performance, it ensure that section 57 employees, individually and collectively are held accountable for their activities.

The section 57 employees had not signed performance contracts during the reporting year as there were vacancies from time to time at the level of section 57 managers. The performance management system has been adopted by council during the reporting year(council resolution number....). Only the Municipal Manager had signed the performance contract during the reporting year with all the relevant documentation, which included:

- The Top Layer SDBIP
- The Contract
- The Performance Agreement
- The Personal Development Plan
- The Performance Plan (SDBIP)
- The Code of Conduct

3.2.10 Organisational Health and Safety.

There is a committee on health and safety and it functions well. The committee expected to have 12 meetings of which only 8 managed to materialise. The other 4 failed because members went on training for 3 months at Potchefstroom municipality to be trained as fire fighters.

3.2.11 Recruitment and Resignations

Under the reporting financial year the municipality has lost 48 employees under various reasons and also had recruited 18 new employees all of them are professionals (Scarce skills).

Deceased -	12	
Resignations	-	18
Pensions	-	10

3.2.12 Employee Assistance Programme

Council was in the process to appoint the service provider, Council managed to send two of our employees to SANPARK Private Clinic for counselling programmes for alcohol abuse during the reporting financial year.

3.2.13 Council Records

We had Four (4) Council meetings about Hundred and sixty eight (168) resolutions where taken. Out of the hundred and sixty eight (168) hundred and forty two (142) resolution were implemented and twenty six (26) not yet implemented.

Municipal Managers office	-	4
Technical Department	-	2
Finance Department	-	2
Community Services	-	16
Corporate Services	-	2

3.2.14 Public Participation

MASS MEETINGS	WARD COMMITTEE MEETINGS	MAYORAL IMBIZOS MEETINGS
71	125	13

3.3 POLICIES

The following Human Resource Policies were developed, reviewed and Adopted by Council:

Poor performance	Placement	Overtime
Substance and travelling Allowance	Voluntarism and Internship	Credit Control and Indigent
Cell Phone	Grievances and disciplinary procedures	Tariff and rate Determination
Smoking	Car Allowance Policy	HIV/AIDS in the workplace
Supply Chain Management	Asset Management	Recruitment, selection and appointment
Collective agreement	Occupational Health and safety	Sexual harassment

CHAPTER 4

4.1 AUDITED FINANCIAL STATEMENT AND RELATED MATTER

AUDITORS REPORT FOR THE FINANCIAL YEAR ENDING 2007/2008

REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF TSWAING LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Tswaing Local Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages xx to xx.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting as set out in accounting policy note 1 to the financial statements, and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The local municipality's policy is to prepare financial statements on the entity-specific basis of accounting as set out in accounting policy note 1 to the financial statements.

Basis for disclaimer of opinion

Corresponding figures

5. As reported in the prior year a disclaimer of audit opinion was issued. During the year under review no corrective measures were implemented by management on qualifications reported and as a result I was unable to verify the opening balances other than agreeing them to the prior year financial statements.

Funds and reserves

6. Supporting documentation was not provided for the write-off of statutory funds and reserves amounting to R10 653 512 and R757 144 respectively. Consequently, I was unable to determine the completeness, right and obligations, valuation and existence of statutory funds and reserves.

Accumulated surplus and deficit

7. Supporting documentation was not provided for current year adjustment and prior year adjustment to the appropriation account of R4 597 180 and R659 770 respectively, included in the accumulated surplus of R8 879 491 as per note 18 to the financial statements. Consequently, I was unable to determine the completeness and valuation of accumulated surplus and deficit.

Consumer deposits

8. Consumer deposits made prior to 2004 were not captured into the financial records and therefore have been excluded from the reported amount of R922 480. I was unable to determine the financial impact on the disclosed balance as no supporting documentation prior to 2004 was retained by the municipality. Supporting documents were also not provided for consumer debtors amounting to R922 480. Consequently I was not able to determine the rights and obligations, completeness, existence and valuation of consumer deposits. The municipality's accounting records did not permit the application of alternative auditing procedures.

Fixed assets

9. Included in the R9 395 527 as disclosed in the balance sheet was an amount of R7 291 055 relating to fixed assets purchases made during the year. The assets were financed by the MIG grant and according to the municipality's accounting policy these should have been expensed.
10. Land and farms and biological assets, of which the value is unknown, were not included in the fixed assets register, therefore fixed assets of R79 421 627 as disclosed in note 6 were materially misstated.

11. The municipality's did not have any means of identification of the assets recorded in the fixed asset register. Due to these circumstances I was unable to carry out all audit procedures I considered necessary for my audit.

Inventory

12. The inventory amounting to R2 093 018, included in note 9 to the financial statements could not be satisfactorily tested due to the following limitations:

- No year-end inventory listing or stock certificate was provided for audit purposes and I was therefore unable to perform valuation tests.
- No supporting evidence of inventory stock count done towards the year end was provided for audit purposes.
- The inventory management policy was not implemented throughout the financial year and no reconciliation was done between the inventory records and general ledger.

Consequently I was unable to obtain sufficient and appropriate audit evidence to determine the existence, cutoff, rights and obligations and valuation of inventory disclosed in note 9 to the financial statements.

Debtors

13. I was unable to obtain sufficient and appropriate audit evidence for debtors amounting to R109 222 515, as per note 10 to the financial statements due to the following:

- The age analysis relating to consumer debtors was overstated by R3 110 700. There were no supporting documents for this difference. As a result my scope was limited on performing further tests on consumer debtors.
- I was unable to determine the accuracy of the doubtful debt provision amounting to R60 033 939 as per note 10 to the financial statements as the source used to determine the provision was in itself incorrect. The municipality used the age analysis to determine the provision for doubtful debts.
- Furthermore the municipality failed to calculate interest on outstanding debtor balances resulting in a loss of revenue in the form of interest received. The municipality's records did not permit the application of alternative procedures in order to determine the full extent regarding the loss of revenue due to a lack of debtor records.
- I was unable to determine the accuracy and existence of a suspense account balance amounting to R2 889 639 disclosed in note 10 to the financial statements due to the non-availability of supporting documents.
- Grant suspense balance of R10 620 867, suspense sundry debtors' balance amounting to R155 174 and bank suspense account balance amounting to R393 074, as disclosed in note 8, could not be substantiated.
- Supporting documents were not provided to verify the balance of R3 543 866 disclosed as debtors VAT in note 10 to the financial statements.

- Supporting documentation for a suspense account amounting to R13 086 078 as per note 10 to the financial statements was not provided.

Consequently, I was unable to determine the existence, rights and obligations and completeness of debtors. The municipality's accounting records did not permit the application of alternative auditing procedures.

Provision

14. Provision for leave amounting to R2 508 993 as disclosed in note 12 was calculated based on employees' actual days, some of which were more than 48 days. This was in breach of section 7(5) of the South African Labour and Bargaining Council (SALBC), which states that leave days in excess of 48 days are forfeited. As a result of the foregoing, leave pay provision was overstated by R485 622.

Creditors

15. Existence, completeness, rights and obligations and accuracy of creditors amounting to R13 959 957 as disclosed in note 13 to the financial statements could not be verified due to the following:

- Creditors were understated by R1 908 360, which related to expenses that were not accrued.
- No VAT reconciliation or supporting documentation was provided to enable me to substantiate the VAT balance of R11 501 336.
- Supporting documentation for payments made soon after year-end amounting to R2 929 224 was not provided.
- Trade creditors amounting to R663 678 were classified under other creditors amounting to R1 728 171 per note 13 to the financial statements.
- Supporting documentation for payments received in advance amounting to R729 189 as disclosed in note 13 to the financial statements was not provided.
- The municipality had not been accurately calculating PAYE. The amount payable to SARS arising from the incorrect calculation had not been accrued by the municipality resulting in a possible material misstatement.

The municipality's accounting records did not permit the application of alternative auditing procedures.

Bank overdraft

16. I did not obtain sufficient and appropriate audit evidence to determine the existence, rights and obligations, completeness and accuracy of the bank overdraft balance of R32 171 424 due to the following:

- Reconciling items of the main bank's reconciliation were not cleared timeously as evidenced by long outstanding unallocated deposits and transfers on the statement amounting to R21 549 526 which had not yet been recorded in the

general ledger, resulting in possible material misstatement of debtors and revenue.

- Cheques amounting to R781 611 that were cashed during the year under review still appeared as uncashed in the bank reconciliation. The bank reconciliation was incorrect.

Non-routine journals

17. I was unable to determine the accuracy, occurrence, completeness and existence of the following:

- Inventory journals amounting to R220 992 042 were not recorded in the journal register. I was not satisfied that they were properly authorised and I was not provided with the supporting documents.
- Supporting documentation for expense journals amounting to R1 061 044 was not provided.

Salaries, wages and allowances

18. I was unable to obtain sufficient and appropriate audit evidence to determine the occurrence, completeness and accuracy of employer's contributions of R6 025 265 and R1 274 639 as disclosed in note 15 to the financial statements due to the following:

- Employee related costs were not properly disclosed in note 15 to the financial statements. Salaries and wages were understated by R1 973 796 and travel, motor vehicle and other allowances were overstated by R1 759 145.
- No corresponding figures had been disclosed for employee related costs, note 15.1, amounting to R34 312 512.
- Supporting documents could not be provided for employer's contributions amounting to R6 025 265 as disclosed in note 15 to the financial statements.
- Supporting documents could not be provided for employer's contributions for councillors amounting to R1 274 639 as disclosed in note 15 to the financial statements.

Unauthorised expenditure

19. Unauthorised expenditure amounting to R37 135 270 was identified during the audit. Contrary to sections 32 and 32(4) of the MFMA, the municipality did not report these expenses to the mayor and Auditor-General. Furthermore, only R1 000 735 was disclosed in the annual financial statements.

Contingent liabilities and contractual obligation

20. The amount disclosed as contingent liabilities in note 22 relating to a litigation case between the municipality and Bakolobeng Traditional Council for building RDP houses on Bakolobeng Traditional Council's land was understated by

R450 000. No adjustments were made to the financial statements. As such the disclosure was materially understated.

21. Leave pay provision amounting to R2 508 993 was disclosed under contingent liabilities in note 22 to the financial statements. Leave pay provision should not be disclosed under contingent liabilities as it is not a contingent liability.

Cash flow statement

22. I was unable to obtain sufficient and appropriate audit evidence to determine the accuracy and completeness of the cash flow statement due to the following:

- There were no supporting documents for an adjustment of R4 006 112 disclosed in note 19 to the financial statements.
- Notes 23 and 24 on the face of the cash flow statement did not correspond with notes in the financial statements.
- There was an adjustment of R2 419 212 to the comparative figure on the previous year's operating transactions disclosed as R2 999 435 in note 19 to the financial statements. The adjustment had not been disclosed as a restatement of comparatives in the financial statements.

Going concern

23. The fact that the municipality is in an overdraft position, low rate of revenue collection, funding problems, negative operating cash flows as the collection of operating income generated from services is highly doubtful and funds that are not backed by sufficient cash and investments, indicated a material uncertainty which may cast significant doubt on the municipality's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Management did not make an assessment of the going concern assumption. Consequently it was not possible to obtain reasonable assurance as to the municipality's ability to continue as a going concern. The financial statements and notes thereto did not disclose this fact.

Disclaimer of opinion

24. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of Tewaing Local Municipality. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

I draw attention to the following matters:

Revenue

25. I did not obtain sufficient and appropriate audit evidence to determine the occurrence, completeness and accuracy of service income included in operating

revenue amounting to R49 963 743 as disclosed in appendix D to the financial statements. Transaction listings and reconciliations were not provided for the following:

- Electricity service charges amounting to R11 086 883.
- Water service charges amounting to R21 777 273.
- Sewerage and sanitation charges amounting to R8 161 969.
- Fines amounting to R1 447 212.
- Licenses and permits amounting to R422 906.
- Assessment rates amounting to R6 417 113. In addition the municipality did not maintain a register of all property transfers. As a result I was not able to determine the completeness of transfers done during the year under review.

26. I was unable to obtain sufficient and appropriate audit evidence to determine the accuracy and completeness of grants and subsidies amounting to R41 506 815 as disclosed in appendix D to the financial statements due to the following:

- The MIG grant of R3 020 000 as disclosed in note 26 to the financial statements was understated by R4 186 000 as the MIG grant per National Treasury was R7 206 000.

Expenditure

27. I was unable to obtain sufficient and appropriate audit evidence for general expenditure amounting to R38 705 876 as disclosed in Appendix D due to the following:

- Supporting documentation and explanations were not provided for supplier payments amounting to R1 086 400 included in general expenses of R38 705 876 as disclosed in Appendix D.
- Lease payments amounting to R436 125 as disclosed in note 31 could not be verified as the lease agreements were not provided for audit purposes.
- Supporting documentation was not provided for council contribution indigents amounting to R27 810 776.

Consequently, I was unable to determine the accuracy, occurrence and completeness of expenditure.

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Internal control

28. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led

to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for disclaimer of opinion					
Statutory Funds and Reserves	✓		✓	✓	✓
Accumulated Surplus/Deficits	✓		✓		✓
Long Term Liabilities	✓	✓	✓	✓	✓
Consumer Deposits		✓	✓		✓
Fixed Assets	✓	✓	✓	✓	✓
Inventory	✓	✓	✓	✓	✓
Consumer debtors	✓	✓	✓	✓	✓
Provisions		✓	✓	✓	✓
Creditors	✓	✓	✓	✓	✓
Bank Overdraft	✓	✓	✓		✓
Bank & Cash		✓	✓		✓
Non-routine journals		✓	✓		✓
Revenue	✓	✓	✓	✓	✓
Other Income		✓	✓		✓
Expenditure		✓	✓		✓
Salaries, wages and Allowances			✓		✓
Unauthorised and Irregular Expenditure		✓	✓		✓
<p>Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.</p> <p>Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p>Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p>Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.</p> <p>Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.</p>					

Non-compliance with applicable legislation

The municipality did not comply with various applicable legislations, the most significant of which are the following:

29. MFMA (Act No. 56 of 2003)

- Contrary to section 167 the Mayor had been allocated an official residence at no cost.
- Contrary to section 64 the Municipality did not implement effective revenue collection systems during the year under review.
- Contrary to section 65(2)(e) the municipality did not pay invoices within 30 days of receipt.
- Contrary to section 125(2)(e) non-compliance with the MFMA was not disclosed in a note to the financial statements.
- Contrary to section 165, management did not perform any formal fraud risk assessments and did not have either a fraud prevention plan or a Risk Committee in place.

DoRA (Act No. 1 of 2007)

30. Contrary to section 14 of the act, the municipality did not include the three-year capital budget as part of its 2006/2007 budget. In addition I was not provided with adequate information to determine whether the municipality complied fully with the act.

Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA)

31. The municipality did not provide supporting documents to confirm the local community participation in the integrated development plan (IDP), complaints and budget processes, informing the public of council meetings with details of date and venue and the traffic policy by law as required by section 19.

Matters of Governance

32. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities		✓

Matter of governance for the year, as set out in Section 166(2) of the MFMA.	Yes	No
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA.		✓
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.	✓	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		✓
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓
• The prior year's external audit recommendations have been substantially implemented.		✓
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		✓
The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		✓
The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		✓

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

33. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

34. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the MSA.

Responsibility of the Auditor-General for the audit of performance information

35. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
36. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
37. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

Non-compliance with regulatory requirements

38. The integrated development plan of the Tswaing Local Municipality did not include the following core components in terms of its performance management system as required by section 26(i) of the MSA:
- The budget projection
 - The financial resources that are available for capital project developments and operational expenditure; and
 - A financial strategy that defines sound financial management and expenditure control and means of increasing revenues and external funding for the municipality;

Lack of sufficient appropriate audit evidence

Lack of systems generating performance information

39. I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the Tswaing Local Municipality, as there was no system in place for generating performance information.

APPRECIATION

The assistance rendered by the staff of the Tswaing Local Municipality during the audit is sincerely appreciated.

Auditor-General

Rustenburg

30 November 2008



AUDITOR-GENERAL

RESPONSES TO THE AUDITORS REPORT FOR THE FINANCIAL YEAR ENDING 2007/2008

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF TSWAING LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008.

Basis for disclaimer of opinion

Corresponding figures

5. An action plan is drawn to correct the financial statements of the financial year 2007/2008. The municipality is going to work closely with the office of the Auditor-General to seek advices on how best the prior year figures can be corrected and agreed upon for the opening of the following year.

Funds and Reserves

6. According to Generally Accepted Municipal Accounting Practice (GAMAP) all the fund accounts must be cashed backed. Otherwise the funds account must be written off. Resultant from that these funds were written off as per resolution taken on the 29 May 2008.

Accumulated surplus and deficit

7. Supporting documents of the write-off of statutory funds and reserves amounting to R10, 653, 512 and 757, 144 respectively will be provided. An item will be presented to Council to endorse the prior year adjustment to appropriation account.

Consumer deposits

8. An investigation into the consumer deposit prior to 2004 not captured into the financial records and system of the municipality will be made. The adjusted figure will be reported. The supporting documents will then be made available for audit purposes.

Fixed Assets

9. The asset policy will be reviewed to have a threshold of a certain amount of funds to be expensed with individual amounts. For instance, the policy should read, any capital item of more than +-R5, 000.00 is to be capitalized. Any capital amount less than R5, 000. should be expensed and treated as inventory item.
10. Land and farms and biological assets will be included in the fixed assets register after verification is obtained. The Department of Agriculture and Conservation is been requested to assist with the identification and verification of the biological assets
11. The Budget and Treasury office has already started with the assets identification in the entire municipality. This will enable the municipality to update the register. The exercise will be completed before the end of January 2009. The working papers will be made available for audit purpose.

Inventory

12. The inventory stock count is in progress in order to confirm the figure in the financial statements. This will include the listing and labelling of the inventory in stores. The working papers will be made available for audit purpose. The policy will be fully implemented.

Debtors

13. Supporting documents for disclosed amount, doubtful debt provision as well as calculations of interest on outstanding debtors balances will be made available for audit purposes. The supporting documents to support the figure disclosed as VAT will be provided for audit purposes.

Provision

14. The exercise of identifying all the employees with leave days in excess of 48 days has already started. The employees will be informed accordingly so that they must either forfeit the days or be allowed to go on leave.

Creditors

15. The supporting documents, reconciliations and the accurate calculations of PAYE will be provided and done for audit purposes. The accounting records will be adjusted to reflect the corrected figures.

Bank overdraft

16. Bank reconciliation will be performed timeously and all the outstanding unallocated deposits will be allocated. Outstanding cheques not cashed have been handed out and cleared to ensure correct and complete reconciliations.

Non-routine journals

17. Internal control procedures have been put in place to ensure journals are properly authorized by senior personnel. Supporting documents to journal passed will be made available for audit purposes.

Salaries, wages and allowances

18. Supporting documents for employer's contributions on salaries and wages, the adjusted figures on travelling allowance as well as corresponding figures will be done.

Unauthorized expenditure

19. Implementation of Municipal Finance Management Act, Act No. 56 of 2003 (MFMA), as well as internal control procedures have been put in place to ensure unauthorized, irregular, wasteful and fruitless expenditures occur. Segregation of duties for approval and authorizations of transactions are put in place. Disclosures of all the unauthorized transactions will be done and MFMA followed and implemented accordingly.

Contingent liabilities and contractual obligation

20. Adjustments to the financial statements will be done.

21. The correction in disclosing the leave pay provision will be done.

Cash flow statement

22. Adjustments in the notes to the financial statements concerning cash flow statements will be done. The supporting documents of figures disclosed in the cash flow statement will be made available for audit purposes.

Going Concern

23. A note will be made to the adjusted financial statement to reflect the overdraft, low rate of revenue collection, funding problem and funds not backed by cash. The municipality has put in place measures to implement credit control to ensure outstanding as well as current debts of the municipality are collected.

Disclaimer of opinion

24. The audit opinion is noted. Care is taken to ensure that internal control procedures are put in place for approving and authorizations of transactions. Safe keeping of supporting documents in lockable filing cabinets will be maintained. Implementation of policies and procedures will be monitored and adhered to accordingly.

Revenue

25. Revenue amounting to R49, 963, 743 is as a result of service charges of electricity, water, sewerage and assessment rates. Monthly invoices or statements are issued to consumers to pay for their consumer usages. One statement is printed for the client. Duplicate statement is upon enquiry. Printing of 13 thousand accounts are printed monthly and posted to consumers. A register of transfers of property will be maintained.

26. Grants and subsidies will be disclosed according to the source of finance. Supporting documentations of all the grants and subsidies transferred to the municipality will be requested from transferring officers and filed for audit purposes.

Expenditure

27. Supporting documents for all the payments made will be provided for audit purposes. Lease agreements of leased properties will be made available and ensured that they are stored in safe lockable place. Adjustment to the Indigent contribution of R27, 810, 776 will be made.

Internal control

28. The internal control procedures highlighted by the auditors are noted and highly appreciated. Controls with regard to matters highlighted are being put in place, implemented and monitored.

Non-compliance with applicable legislation

29. Measures are in place to ensure that officials especially in Budget and treasury office are made aware as well trained on implementation of policies and procedures. MFMA training will be provided to all senior managers, Budget and treasury office staff to ensure they understand the implications of implementing and adhering to these pieces of legislations.

Division of Revenue Act (DoRA, Act No. 1 of 2007)

30. The matter raised by the auditors is noted. The measures are in place to ensure that the adjustment is made. In the coming budget the three years capital budget will be disclosed.

Local Government: Municipal Systems Act, (MSA, Act No. 32 of 2000)

31. Care will be taken to ensure that attendance registers of all the public participation meetings are maintained and file accordingly. Notices to council meetings will be made public regularly in local newspapers.

Matters of governance

32. Matters of governance are noted and advice appreciated. Care will be taken to ensure that compliance is adhered to at all times. Matters raised will be followed up and implementation done as a matter of urgency.

Reporting on performance information

33. The report of engagement of auditors auditing performance of the municipality is noted.

Responsibility of the accounting officer for the performance information

34. The comments of the auditors are noted. The annual report of the municipality must and will include annual performance report in terms of section 121 (3) © of MFMA and section 46 of MSA.

Responsibility of the Auditor-General for the audit of performance information

35 – 37. All the matters of engagement by the auditor-general to perform audit of the municipality was in order. The municipality accepts the audit findings of the auditor-general. The municipality appreciates the advice given by the auditor-general in improving the manner in which the finances are run.

Non-compliance with regulatory requirements

38. The matters raised by the auditors regarding the integrated development plan (IDP) of the municipality are noted. Measures to ensure compliance is been put in place and will be implemented. Adjustment to the IDP document will be done.

Lack of systems generating performance information

39. The matter raised is noted and receiving attention. The implementation of Performance Management Policy (PMS) is been looked into. Policy will be developed and approved by council for implementation

4.2 FINANCIAL STATEMENTS

BALANCE SHEET STATEMENT AS AT 30 JUNE 2008

	NOTE	2008 R	2007 R
CAPITAL EMPLOYED			
Funds and Reserves		0	11,410,656
Statutory Funds	1	0	10,653,512
Reserves	2	0	757,144
Retained Income/Accumulated Surplus/ (Deficit)		8,879,491	51,976,954
Trust Funds	3	0	0
Long Term Liabilities	4	90,538	128,575
		8,970,028	63,516,185
EMPLOYMENT OF CAPITAL			
Fixed Assets	6	9,395,527	2,104,473
Investments Listed	7.1	120,269	120,269
		9,515,796	2,224,742
NET CURRENT ASSETS/LIABILITIES		(545,767)	61,291,442
Current Assets		49,017,087	85,669,496
Inventory	9	2,093,018	1,290,907
Consumer Debtors	10	35,448,270	84,075,734
Bank Balances and Cash	20	2,855	2,855
Call Investments Deposits	7.2	300,000	300,000
Other Debtors	8	11,172,944	0
Current Liabilities		49,562,854	24,378,054

Consumer Deposits	5	922,480	855,205
Provisions	12	2,508,993	461,479
Creditors	13	13,959,957	7,160,768
Bank overdraft	20	32,171,424	15,900,602
		8,970,028	63,516,185

(0)

(0)

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2006/2007 Actual Income R	2006/2007 Actual Expenditure R	2006/2007 Surplus/ (Deficit) R		2007/2008 Actual Income R	2007/2008 Actual Expenditure R	2007/2008 Surplus/ (Deficit) R
39,928,747	38,237,813	1,690,934	RATES AND GENERAL SERVICES	58,523,282	130,413,189	-71,889,907

31,772,592	27,970,435	3,802,157	Community Services	49,685,496	120,271,963	-70,586,466	
387,390	5,302,791	-4,915,401	Subsidised Services	675,117	5,245,422	-4,570,306	
7,768,765	4,964,587	2,804,178	Economic Services	8,162,669	4,895,804	3,266,865	
29,164,396	11,571,432	17,592,964	TRADING SERVICES	32,947,276	11,635,449	21,311,827	
69,093,143	49,809,245	19,283,898		Total	91,470,558	142,048,638	-50,578,080
Refer to Appendix C for more details							
		(3,470,428)	Appropriations for the Year			7,480,616	
		15,813,470	Net Surplus/(Deficit) for the year			-43,097,464	
		36,163,484	Accumulated surplus/(deficit): beginning of the year			51,976,954	
		51,976,954	Accumulated surplus/(deficit): End of the year			8,879,491	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

		2007/08 R	2006/07 R
NOTE			
CASH RETAINED FROM OPERATING ACTIVITIES		(9,017,805)	2,315,450
Cash generated by operations	19	(96,251,575)	(2,676,593)
Investments income		12,226	0

Increase/decrease in working capital

19

45,566,387	(19,980,516)
(50,672,962)	(22,657,109)
(33,738)	(9,802)
(50,706,700)	(22,666,911)
41,506,815	24,982,361
182,080	0

Less: External interest paid

Cash available from operations

Cash contributions from the public and the state

Net Proceeds on disposal of Assets

CASH UTILISED IN INVESTING ACTIVITIES

Investment in fixed assets

(7,291,055)	(61,232)
-------------	----------

NET CASH FLOW

(16,308,860)	2,254,218
--------------	-----------

CASH EFFECTS OF FINANCING ACTIVITIES

Increase/(decrease) in long-term loans

(Increase)/decrease in cash investments

(Increase)/decrease in cash

23

24

(38,037)	0
0	0
(16,270,822)	2,254,218
(16,308,860)	2,254,218

0

(0)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2007/08 R	2006/07 R
1. STATUTORY FUNDS		
Capital Development Fund	0	9,523,209
Land Trust Fund	0	881,056
Housing Development Fund	0	249,247
	<u>0</u>	<u>10,653,512</u>

As per council resolution dated 29/5/2008 provisions and reserves that could not be supported have been written off.

2. RESERVES

Municipal Buildings	0	0
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Township Development Account	0	17,196
Bursary Fund	0	739,948
Nature Reserve Fund	0	0
Personnel Housing	0	0
Renewal Fund Vehicles	0	0
Renewal Fund Roads and Other	0	0
	<u>0</u>	<u>757,144</u>

As per council resolution dated 29/5/2008 provisions and reserves that could not be supported have been written off.

3. TRUST FUNDS

Endowment Fund	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

4. LONG TERM LIABILITIES

Annuity Loans	<u>90,538</u>	<u>128,576</u>
Less: Current Portion Transferred to Current Liabilities		
Annuity Loans	<u>0</u>	<u>0</u>
(Refer to Appendix A for more detail)	<u>90,538</u>	<u>128,576</u>

Annuity Loans

Advanced by DBSA the loans carry interest at rates varying between 8% and 17.55% per annum and repayable over a period of 1 and 30 years. None of the loans are secured by any assets of Tswaing Municipality

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2008**

	2007/08 R	2006/07 R
5. CONSUMER DEPOSITS – SERVICES		
Electricity and Water	<u>922,480</u>	<u>855,205</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	72,130,572	72,069,340
Capital expenditure during the year	7,291,055	61,232
Less: Assets written off, transferred or disposed of	<u>0</u>	<u>-</u>
Total Fixed Assets	79,421,627	72,130,572
Less: Loans redeemed and other capital receipts	<u>(70,026,100)</u>	<u>(70,026,099)</u>
Net Fixed Assets	<u>9,395,527</u>	<u>2,104,473</u>

(Refer to Appendix C for more details.)

7. INVESTMENTS

7.1 Listed

Old Mutual
Sanlam

120,269	120,269
75,210	75,210
45,059	45,059

Market valuation of listed investments

Old Mutual
Sanlam

192,510	0
96,346	
96,164	

7.2 Call Investment Deposits

300,000	300,000
----------------	----------------

TMT Call Account)

FNB - Delareyville Branch
Account Number: 62-093253369

Cash book balance
Bank statement at balance

<u>137,516</u>	<u>137,516</u>
<u>175,313</u>	<u>137,516</u>

Housing Development-Call Account)

FNB - Delareyville Branch
Account Number: 62-055030789

Cash book balance
Bank statement at balance

<u>52,002</u>	<u>52,002</u>
<u>27,332</u>	<u>2,352,910</u>

Savings Account)

FNB - Delareyville Branch
Account Number: 62-107561898

Cash book balance
Bank statement at balance

<u>110,482</u>	<u>110,482</u>
<u>51,470</u>	<u>110,482</u>

Call accounts balances in cashbook have been corrected

in the July 2008 and reconciled to bank statement.
 No investments have been written off during the year.
 No investments have been pledged as security for any
 funding facilities of the council.

8. OTHER DEBTORS

Grants-Suspense	10,620,857	0
Bank-Suspense	393,074	
Other Deposits	3,839	
Sundry Debtors-Suspense	155,174	
Grants-Suspense	0	0
	<u>11,172,944</u>	<u>0</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2008**

	2007/08	2006/07
	R	R
9. INVENTORY		
Inventory represents consumable stores.	<u>2,093,018</u>	<u>1,290,907</u>
No Inventory stock count was performed at year end.		
10. CONSUMER DEBTORS		
Service debtors	109,222,515	91,149,854
Assessment Rates	22,632,268	15,206,698
Electricity	31,972,451	25,888,805
Water	24,703,175	24,870,842
Sewerage	12,956,447	10,890,285
Refuse	16,958,174	14,293,223
Suspense accounts	(13,086,078)	34,994
Debtors VAT	(3,543,866)	-
Suspense Accounts	<u>2,889,639</u>	<u>3,878,108</u>
	95,482,210	95,062,956
Less: Provision for bad debts	<u>(60,033,939)</u>	<u>(10,987,224)</u>
Total	<u><u>35,448,270</u></u>	<u><u>84,075,732</u></u>
No Debtors were written-off during the current year		
11. DEFERRED CHARGES		
Assets written off	<u>-</u>	<u>-</u>
There were no deferred charges during the year.		

12. PROVISIONS

Leave provisions	<u>2,508,993</u>	<u>461,479</u>
Leave days are provided for 100%.		

13. CREDITORS

Trade creditors	1,260	913,618
VAT Payable	11,501,336	5,678,268
Other Creditors	1,728,171	
Payments received in advance	729,189	568,882
Unspent Conditional Grants and Receipts	<u>0</u>	
	<u>13,959,957</u>	<u>7,160,768</u>

13.1 Other Creditors

PAYE	263,226	
IUF	48,240	
Pension	553,326	
Medical Aid Deductions	266,476	
Other Creditors	<u>596,902</u>	
	<u>1,728,171</u>	<u>0</u>

The balance for Pension, medical aid, PAYE and UIF represents deductions from employees in the June 2008 payroll as well as councillor's contributions. These amounts were paid during July 2008.

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid to SARS.

13.2 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

MIG Grants

-

-

MSIG Grants	-	-
FMG Grants	<u>532,350</u>	<u>-</u>
Total Conditional Grants and Receipts	<u><u>532,350</u></u>	<u><u>-</u></u>

The above amount is included under other creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2007/08 R	2006/07 R
14. ASSESMENT RATES		
Residential and Commercial	N/A	N/A
Business	N/A	N/A
Industrial	N/A	N/A
State	N/A	N/A
Municipal	N/A	N/A
The above summary is not available in the financial system that we use.	N/A	N/A
General valuations on land and improvements are performed every three years. The last general valuation came into effect on 1 July 2006. The basic rate was 14.85c per rand on land value and 0.080c on improvement value. A rebate was granted to pensioners (20%) improved residential stands(20%). Land value only.		
15. COUNCILLORS REMUNERATION		
Speaker	207,156	180,865
Mayors Allowance	464,748	411,057
Councillors Allowance	3,396,255	2,466,319
Executive Committee Allowance	540,960	1,094,440
Medical and Pension Contributions	1,274,639	897,785
	<u>5,883,758</u>	<u>5,050,466</u>

In-Kind Benefits

The Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the council.

The Mayor is entitled to stay at the mayoral residence owned by the council at no cost. The Mayor has use of a council owned vehicle for

official duties.

15.1 EMPLOYEE RELATED COSTS

Employee related costs-salaries and Wages	21,816,445	
Employee related costs-contributions for UIF, pension and medical aids	6,025,264	
Travel, motor car, accommodation, subsistence and other allowances	3,231,391	
Housing benefits and allowances	91,920	
Overtime Payments	1,468,814	
Performance Bonus	1,678,677	
Total Employee Related Costs	34,312,511	-

15.2. SECTION 57 MANAGERS REMUNERATION

Municipal Manager	617,000	350,966
Chief Financial Officer	341,250	338,520
Director Community Services	322,667	427,805
Director Technical Services	322,667	335,859
Director Corporate Services- Acting Allowance 2007/2008	200,349	465,702
	1,803,932	1,918,850

16. AUDITORS REMUNERATION

Audit Fees	1,885,819	179,445
	1,885,819	179,445

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2007/08

2006/07

	R	R
17. FINANCE TRANSACTIONS		
Total external interest earned or paid		
Interest earned	<u>2,130</u>	<u>8,364</u>
Interest paid	<u>0</u>	<u>6,912</u>
Capital charges debited to operating account		
Interest:		
External	33,738	9,802
Internal	0	0
Redemption		
External	0	12,634
Internal	<u>0</u>	<u>0</u>
	<u>33,738</u>	<u>22,436</u>
18. PRIOR YEAR ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Appropriations for the year	(7,480,618)	(3,470,428)
Reserves and Funds written off (Refer to Note 1 and 2)	(11,418,029)	0
Current year adjustments	4,597,180	
Contribution to Capital Expenditure	0	61,232
Prior year adjustments	(659,770)	(3,311,574)
Transfer from capital reserves		(220,086)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2007/08
R

2006/07
R

19. CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year	(50,578,080)	19,283,897
Adjustments for:-	-	
Previous year's operating transactions	(4,006,112)	2,999,435
Appropriations charged Against Income:		
Gain on disposal of property, plant and equipment	(182,080)	
Provisions and reserves		
Dividend Received	(10,096)	
Interest received	(2,130)	
Interest Paid:	33,738	12,634
Capital Charges		9,802
Deferred charges written off		
Contribution public and state	(41,506,815)	(24,982,361)
Abnormal Adjustment		
Non operating Expenditure		
	(96,251,575)	(2,676,593)
Increase/(Decrease) in Working Capital		
(Increase)/decrease in Stock	(802,111)	(482,639)
(Increase)/decrease in Debtors	37,454,519	(17,296,853)
Increase in provisions	2,047,514	0
Increase/(Decrease) in Creditors	6,866,464	(2,201,024)
	45,566,387	(19,980,516)

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank Balances and Cash	2,855	2,855
Bank Overdraft	(32,171,424)	(15,900,602)

Total cash and cash equivalents

(32,168,570)

(15,897,747)

Note: The cash flow statement figures for prior year were redone to comply with new cash flow format and notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2007/08
R

2006/07
R

21. RETIREMENT BENEFITS INFORMATION

All councillors and employees belong to defined benefit retirement funds administered by the municipal pension fund. These funds are subject to a triennial actuarial valuation. The last evaluation was performed in February 2005.

These valuations indicate that the funds are in sound financial position.

The estimated liability of the funds is R2,850,679 which is adequately financed by assets of R3,046,791 leaving a surplus of R196,112.

The next actuarial valuation will be done in 2009.

In 2007/2008 an amount of R4,785,753 was contributed by Council in respect of councillors and employees retirement funding. These contributions have been expensed.

22. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

Leave pay outstanding as at 30 June 2008 amounts to R2,508,993 and 100% of this amount has been provided for.

2,508,993	461,479
-----------	---------

Litigation and claims cases against Tswaing are in progress.

550,000	0
---------	---

The municipality is being sued by an ex-employee for unfair dismissal. Council is contesting the case based on legal advice.

The contingent liability of R500,000 includes the salary, allowances and legal costs. Should the council be unsuccessful in defending the claim, the claim will be settled from its own resources.

The council is also has a litigation case with the Bakolobeng traditional council for building RDP houses on their land. A contingent liability of R50,000 has been provided for and will be settled from the council's own resources.

There were no guarantees by Tswaing in respect of commercial bank Housing loans and officials.

23. CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure		
Approved and Contracted	-	-
Infrastructure	-	-
Community	-	-
Approved but not yet Contracted for:	-	-
Infrastructure	-	-
Community	-	-
There were no capital commitments as all grants and project monies received were used and capital commitments were aligned to money received.	-	
Total	-	-
This expenditure will be financed from:		
Government Grants		
Internal Loans		
External Loans		
Own Resources		
District Council Grants		
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

24. CAPITAL DEVELOPMENT FUND

Outstanding advances to borrowing services

Accumulated fund	-	9,523,209
Less: Internal advances to borrowing services	-	
	<u>-</u>	<u>9,523,209</u>
	<u>-</u>	<u>9,523,209</u>

The capital development fund was written off in the current year as per council resolution dated 29/5/2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2007/08 R	2006/07 R
25. BANK, CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank accounts:-		
Cheque Account (Primary Bank Account)		
FNB - Delareyville Branch		
Account Number: 52050012816		
Cash book balance at beginning of the year -Overdrawn	(15,900,602)	(13,646,384)
Cash book balance at end of the year -Overdrawn	(32,171,424)	(15,900,602)
Bank statement at balance beginning of the Year- (Overdrawn)	(200,562)	23,210
Bank statement at balance end of the Year- (Overdrawn)	(4,487,940)	(200,562)
The overdraft facility was temporarily increased from R1,500,000 to R5,000,000 and it is secured by Plot 9 and 10 of Zoutpan farm.		
26. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	22,539,160	19,625,000
MIG Grant	3,020,000	0
MSIG Grant	734,000	734,000
FMG Grant	500,000	500,000
Library Grant	354,000	354,000
Other Grants	14,359,655	3,769,361
	41,506,815	24,982,361
26.1 Equitable Share		
In terms of the constitution, this grant is used to subsidise the		

provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R86 per indigent which is funded from this grant.

26.2 MIG Grant

Balance Unspent at beginning of the year.

Current Year Receipts

Conditions met -transferred to revenue

Conditions still to be met -transferred to liabilities

-	-
6,114,877	-
-6,383,887	-
-269,010	-

The debtor is included under other debtors.

The correct amount received has been corrected in July 2008 ledger.

There were receipts in the prior year as the grant was withheld by National Treasury

This grant was used to construct roads and storm water for Letsopa

No funds have been withheld for the year 2007/2008

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2007/08 R	2006/07 R
26. GOVERNMENT GRANTS AND SUBSIDIES (continued)		
26.3 MSIG Grant		
Balance Unspent at beginning of the year.		
Current Year Receipts	734,000	734,000
Conditions met -transferred to revenue	<u>(1,323,406)</u>	<u>(734,000)</u>
Conditions still to be met -transferred to liabilities	<u><u>-589,406</u></u>	<u><u>-</u></u>
<p>The grant was used to pay for ward committees wages, property seminars, financial statements preparation for 2006/2007 and performance management seminars.</p> <p>The debtor is included under other debtors.</p>		
26.4 FMG Grant		
Balance Unspent at beginning of the year.	471,577	
Current Year Receipts	500,000	500,000
Conditions met -transferred to revenue	<u>(439,227)</u>	<u>(28,423)</u>
Conditions still to be met -transferred to liabilities	<u><u>532,350</u></u>	<u><u>471,577</u></u>
<p>The creditor is included under other creditors' suspense.</p> <p>The grant was used for training and salaries for interns</p>		
26.6 LIBRARY Grant		

Balance Unspent at beginning of the year.	59,134	
Current Year Receipts	354,000	354,000
Conditions met -transferred to revenue	(779,543)	(294,866)
Conditions still to be met -transferred to liabilities	<u>(366,408)</u>	<u>59,134</u>

The grant was used to pay for salaries and subsistence and travel allowances for library staff.

The debtor is included under other debtors.

27 OTHER INCOME

Rental Income	192,060	84,100
Profit on Sale of Assets	182,080	0
Other Income	<u>264,021</u>	<u>123,457</u>
	<u>638,162</u>	<u>207,557</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2007/08 R	2006/07 R
28. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
28.1 Unauthorised Expenditure		
Opening Balance.	-	-
Unauthorised Expenditure current year	1,668,735	-
Approved by council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting authorisation.	-	-
	<u>1,668,735</u>	<u>-</u>
Unauthorised expenditure relates to unbudgeted expenditure and no disciplinary steps or criminal proceedings were taken by council.		
28.2 Fruitless and Wasteful Expenditure		
Opening Balance.	0	-
Fruitless and wasteful Expenditure current year	256,218	-
Approved by council or condoned	-	-
Transfer to receivables for recovery	256,218	-
Fruitless and wasteful Expenditure awaiting authorisation.		
Fruitless and wasteful expenditure relates to writ of execution against the council for its failure to have a representative at the court to defend itself in the litigation case on unfair dismissal by an ex-employee. The costs include the salary due to the ex-employee, interest charged and the fees for Sheriff.		
No disciplinary steps or criminal proceedings were taken by council.		
28.3 Irregular Expenditure		
Opening Balance.	-	-

Fruitless and wasteful Expenditure current year	-	-
Approved by council or condoned	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting authorisation.		

There was no Irregular expenditure noted during the year.

29 BULK PURCHASES

Electricity	7,258,723	7,666,007
Water	464,471	332,490
Total Bulk Purchases	7,723,194	7,998,497

30 SERVICE CHARGES

Sale of Electricity	11,086,883	15,651,233
Sale of Water	21,777,273	13,513,163
Refuse Removal		
Sewerage and Sanitation charges	8,161,969	7,768,765
Total Service Charges	41,026,124	36,933,161

31 LEASED ASSETS

The Mayor car Mercedes Benz with the original capital balance of R366,216 is being leased over 5 years. The lease is being treated as an operating lease and the relevant rentals are charged to the income statement.

The lease contract commenced 8/11/2006 and it expires on 7/11/2011.

The current monthly repayments are R8 485.15.

The details of the lease are as follows:

	Interest	Capital
Wesbank-Vehicle lease- short term portion	43,539	56,339
Wesbank-Vehicle lease- Long term portion	66,467	269,780
Total	110,006	326,119

Other leased assets include 9 multifunction photocopiers ,fax, also treated as operating leases and monthly rentals of R15,967 are being charged to income statement.

Appendix A

Accumulated Funds, Trust Funds and Reserves at 30 June 2008

	Balance at 01/07/07	Contributions during the year	Interest On Investment	Other Income	Operating expenditure during the year	Capital expenditure during the year	Balance at 30/06/08
--	------------------------	-------------------------------------	------------------------------	-----------------	--	--	---------------------------

	R	R	R		R	R	R
STATUTORY FUNDS							
Capital Development Fund	9,523,209	(9,523,209)					0
Land Trust Fund	881,056	(881,056)					0
Housing Development Fund	249,247	(249,247)					0
	10,653,512	(10,653,512)	0	0		0	0
RESERVES							
Bursary Fund	0						0
Endowment Fund	0						0
Municipal Buildings	0						0
Nature Reserves	739,948	(739,948)					0
Personnel Housing	0						0
Renewal Fund Roads and other	0						0
Renewal Fund Vehicles	0						0
Township Development Account	17,196	(17,196)					0
	757,144	(757,144)	0	0	0	0	0

Appendix B

External Loans and Internal Advances as at 30 June 2008

	Balance at 30/06/07 R	Received During the Year R	Redeemed During the Year R	Balance at 30/06/08 R
EXTERNAL LOANS				
Local registered stock				

Issued	Loan no	Redeemable				
1997 @ 8,00%	11581	2005	0	0	0	0
1997 @ 8,00%	11582	2005	0	0	0	0
1997 @ 8,25%	11583	2011	31,632	0	8,391	23,241
1979 @ 9,625%	12442/1	2009	28,300	0	12,920	15,380
1984 @ 16,50%	12443/1	2002	0	0	0	0
1989 @ 17,55%	12444/1	2009	36,860	0	13,774	23,086
1990 @ 15,80%	12445/1	2005	0	0	0	0
1983 % 15,30%	SNH113/12753	2013	31,784	0	2,953	28,831
						0
TOTAL EXTERNAL LOANS			128,576	0	38,038	90,538
INTERNAL ADVANCES						
Capital Development Fund			9,523,209		9,523,209	-

Appendix C

Analysis of Fixed Assets as at 30 June 2008

Expenditure 2006/07 R	SERVICES	Budget 2007/08 R	Balance at 30/06/07 R	Expenditure during year R	Redeemed, transferred or written off R	Balance at 30/06/08 R
61,232	RATES AND GENERAL SERVICES	17,374,539	43,770,992	7,291,057	0	51,062,049
61,232	Community Services	7,020,602	19,280,485	441,029	0	19,721,514
	Abattoir		0			0

61,232	Auction Kraal	0		0
	Cemetery	73,960		73,960
	Disaster management	372,310		372,310
	Corporate Services	128,295		128,295
	Council General	816,032	441,029	1,257,061
	Financial Services	2,629,031		2,629,031
	Fixed Properties	6,681,945		6,681,945
	Health and Clinic Services	497,086		497,086
	Municipal Manager	1,620,602		46,994
	Nature Reserve	0		0
	Public Works	5,400,000		6,959,729
	Stores	0		0
	Swimming Pool	0		0
	Traffic and Licensing	1,030,300		1,030,300
		44,803		44,803
0	Subsidised Services	0	1,699,286	6,850,027
	Civil Buildings	0	6,850,027	0
	Fire brigade services+B33	0		6,850,027
	Library	284,429		0
	Parks and Recreation	1,414,857		284,429
0	Economic Services	10,353,937	22,791,221	0
	Cleansing and Sanitation	10,353,937	881,662	22,791,221
	Licensing	0		881,662
	Sewerage	21,909,559	0	0
0	HOUSING SERVICES	0	397,899	0
	State Housing		397,899	0
				397,899
0	TRADING SERVICES	9,885,903	27,961,681	0
	Electricity	9,105,000	7,924,530	0
	Water	780,903	20,037,151	7,924,530
			0	20,037,151

61,232	TOTAL FIXED ASSETS	27,260,442	72,130,572	7,291,055	0	79,421,628
	Less Capital Redeemed and other Capital Receipts		70,026,099			70,026,100
	Loans redeemed and advances repaid		4,627,588			4,627,589
	Contributions from operating income		5,278,328			5,278,328
	Public Contributions		60,120,183			60,120,183
	NET FIXED ASSETS		2,104,473	7,291,055		9,395,528

Appendix D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2008

ACTUAL 2006/07 R	BUDGET 2006/07	INCOME	Notes	ACTUAL 2007/08 R	BUDGET 2007/08 R
24,982,361	21,363,000	GRANTS AND SUBSIDIES	26	41,506,815	33,848,000
24,448,852	20,859,000	Central Government		26,793,160	33,598,000
533,509	504,000	Provincial Government		354,000	250,000
0	0	District Municipality		14,359,655	0
44,110,782	41,859,000	OPERATING INCOME		49,963,743	50,808,000
6,058,082	8,000,000	Assessment Rates		6,417,113	8,000,000
28,338,820	19,885,000	Service Charges	30	41,026,124	40,700,000
756,114	800,000	Fines		1,447,212	850,000
584,345	650,000	Licences and Permits		422,906	636,000
8,364	10,000	Interest Earned		2,130	10,000
0	0	Dividend Received		10,096	0
8,365,058	12,514,000	Other Income	27	638,162	612,000
69,093,144	63,222,000	Total Income		91,470,558	84,656,000
		EXPENDITURE			
26,654,760	25,499,000	Employee Related Costs	15.1	34,312,511	38,516,776
5,050,466	5,500,000	Remuneration of Councillors	15	5,883,758	6,183,628
7,998,497	9,120,000	Bulk Purchases	29	7,723,194	8,900,000

7,271,080	10,547,000	General Expenses		38,705,876	19,314,600
1,705,430	2,711,000	Repair and Maintenance		1,631,484	1,752,000
22,436	200,000	Interest and Capital charges Paid	17	33,738	100,000
45,345	45,000	Contracted Services		44,068	50,000
		Collection Costs		2,472,739	
61,232	0	Contributions to Fixed Assets			0
1,000,000	9,600,000	Contributions to Provisions		51,241,270	9,839,000
49,809,246	63,222,000	Total Expenditure		142,048,638	84,656,004
19,283,897	0	SURPLUS/ (DEFICIT) FOR THE YEAR		-50,578,080	-4

Appendix E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2006/07 Actual income R	2006/07 Actual expenditure R	2006/07 Surplus/ (deficit) R		2007/08 Actual income R	2007/08 Actual expenditure R	2007/08 Surplus/ (deficit) R
39,928,747	38,237,813	1,690,934	RATES AND GENERAL SERVICES	58,523,282	130,413,189	(71,889,907)
31,772,592	27,970,435	3,802,157	Community services	49,685,496	120,271,963	(70,586,466)
0	971,618	(971,618)	Community Services	0	1,119,965	(1,119,965)
483	4,200,811	(4,200,328)	Corporate Services	658	4,841,510	(4,840,852)
11,328,927	9,321,463	2,007,464	Councils' General Expenses	37,632,815	90,172,115	(52,539,300)
0	202,966	(202,966)	Environmental Health	2,736	1,053,374	(1,050,638)
19,841,995	4,784,536	15,057,459	Financial Services	7,173,818	10,221,732	(3,047,913)
0	905,365	(905,365)	Municipal Manager	0	1,211,037	(1,211,037)
0	313,874	(313,874)	Municipal Workshop	0	479,098	(479,098)
0	361,902	(361,902)	Primary Health	0	544,831	(544,831)
0	3,497,189	(3,497,189)	Public Works	0	2,122,732	(2,122,732)
0	601,091	(601,091)	Technical Services Administration	3,020,000	4,949,506	(1,929,506)
601,187	2,809,620	(2,208,433)	Traffic Services	1,855,469	3,556,064	(1,700,595)
387,390	5,302,791	(4,915,401)	Subsidised services	675,117	5,245,422	(4,570,306)
43,720	1,073,738	(1,030,018)	Cemetery	95,094	1,137,314	(1,042,220)
0	906,163	(906,163)	Disaster Management	0	778,871	(778,871)
259,570	794,332	(534,762)	Libraries	369,317	520,679	(151,362)
83,635	603,708	(520,073)	Management Housing and Administration	209,554	812,345	(602,791)
465	1,924,850	(1,924,385)	Parks, Streets and Recreation	1,152	1,996,213	(1,995,061)
7,768,765	4,964,587	2,804,178	Economic services	8,162,669	4,895,804	3,266,865
5,480,637	3,156,193	2,324,444	Solid water waste	5,734,831	2,920,013	2,814,818

2,288,128	1,808,394	479,734	Waste Water Services	2,427,838	1,975,791	452,047
29,164,396	11,571,432	17,592,964	TRADING SERVICES	32,947,276	11,635,449	21,311,827
15,651,233	8,978,847	6,672,386	Electricity	11,133,832	8,569,054	2,564,778
13,513,163	2,592,585	10,920,578	Water	21,813,444	3,066,395	18,747,049
69,093,143	49,809,245	19,283,898	TOTAL	91,470,558	142,048,638	(50,578,080)
	(3,470,428)	Appropriations for the Year				7,480,616
						-
	15,813,470	Net Surplus/(Deficit) for the year				43,097,464
	36,163,484	Accumulated surplus/(deficit): beginning of the year				51,976,954
	51,976,954	Accumulated surplus/(deficit): End of the year				8,879,491

Appendix F

STATISTICAL INFORMATION

A) General Statistics		2008	2007
(i)	Population	150,000	150,000
(ii)	Valuation date	2006	2006
(iii)	Number of properties	14,000	10,627
(iv)	Assessment rates: Cent in a rand		
	Residential developed land	0.15	0.1485
	Residential improvements	0,0090	0.008
	Residential undeveloped land	0.6	0.5
	Business developed land	0.2	0.2
	Business improvements	0.0105	0.008
	Business undeveloped land	0.22	0.22
(v)	Number of employees	332	358
B) Electricity Statistics			
(i)	Number of users	150,000	150,000
(ii)	Units sold (rand)	12,925,425	14,528,527
(iii)	Units bought (rand)	7,258,723	7,666,007
(iv)	Cost per unit sold	0.53	0.53

C) Water Statistics

(i)	Number of users	150,000	150,000
(ii)	Units sold (rand)	20,271,203	13,810,293
(iii)	Units bought (rand)	464,471	332,490
(iv)	Cost per unit sold	0.026	0.024

4.3 INTERGOVERNMENTAL GRANTS AND TRANSFER

Name of Grant	Quarterly Receipts					Quarterly Expenditure					Total	
	Sept	Dec	March	Jun	Total	Sept	Dec	March	June	Total	Receipts	Payments
MIG	3,094,877	2,500,000	520,000	-	6,114,877	1,924,128	2,953,336	1,506,422	-	6,383,886	6,114,877	6,383,886
MSIG	367,000	367,000	-	-	734,000	416,306	108,000	448,000	351,100	1,323,406	734,000	1,323,406
FMG	500,000	-	-	-	500,000	56,130	54,780	39,141	89,176	439,227	500,000	439,227
Library	-	-	354,000	-	354,000	193,416	203,048	197,918	185,161	779,543	354,000	779,543
Total	3,961,877	2,867,000	874,000	-	7,702,877	2,589,980	3,519,164	2,191,481	810,598	9,111,223	7,702,877	9,111,223

4.4 REMUNERATION OF COUNCILLORS AND OFFICIALS

Disclosures concerning Councilors & Directors salaries and allowances

Description	Basic	Travelling	Housing	Cellphone	Total	Contributions Pension Fund	Medical & Pension	Total
Mayor	338,508.00	112,836.00	-	13,404.00	464,748.00		62,944.20	527,692.20
Total	338,508.00	112,836.00	-	13,404.00	464,748.00		62,944.20	527,692.20
Speaker	148,944.00	49,848.00	-	8,364.00	207,156.00		22,341.60	229,497.60
	148,944.00	49,848.00	-	8,364.00	207,156.00		22,341.60	229,497.60
Exco								
Mr Tsatsimpe	253,884.00	84,624.00	-	8,364.00	346,872.00		20,940.00	367,812.00
Mr Botswe	253,884.00	84,624.00	-	8,364.00	346,872.00		50,250.60	397,122.60
Mr Henneck	253,884.00	84,624.00	-	8,364.00	346,872.00		38,082.60	384,954.60
Miss Mokgethi	253,884.00	84,624.00	-	8,364.00	346,872.00		50,250.60	397,122.60
	1,015,536.00	338,496.00	-	33,456.00	1,387,488.00		159,523.80	1,547,011.80

Municipal Manager

133,199.0

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	404,096.00	0			537,295.00		537,295.00
		133,199.0		-			
	404,096.00	0	-		537,295.00	-	537,295.00
		116,160.4	10,800.0				
CFO	255,000.00	4	0	7,200.00	389,160.44	-	389,160.44
		116,160.4	10,800.0				
	255,000.00	4	0	7,200.00	389,160.44	-	389,160.44
Directors							
		100,054.6		-			
Dir. Corporate Services	327,138.00	9	-		427,192.69	-	427,192.69
Dir. Community Services				-			
	366,666.63	62,000.00	-		428,666.63	-	428,666.63
Dir. Technical)							
	333,330.66	70,000.00			403,330.66	-	403,330.66
	1,027,135.2	232,054.6		-			1,259,189.9
	9	9	-		1,259,189.98	-	8
Total Salary and Benefits	3,189,219.2	982,594.1	10,800.0	62,424.0			4,489,847.0
	9	3	0	0	4,245,037.42	244,809.60	2

4.5 BUDGET TO ACTUAL COMPARISON

[illegible]

CHAPTER 5

Service Delivery Reporting

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